

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2003-04		FY 2004-05	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

*Does not include impact on political subdivisions. See narrative for political subdivision estimates.

LR15CA proposes a constitutional amendment to be submitted to Nebraska voters in November 2004. The amendment would effectively eliminate the Board of Regents of the University of Nebraska, the Board of Trustees of the Nebraska State Colleges, and the Coordinating Commission for Postsecondary Education. The amendment would create a new Nebraska Higher Education Board of Regents to govern the University of Nebraska and Nebraska State Colleges. The new constitutional board would consist of nine members either to be elected or appointed as provided by the Legislature. Additionally, under the amendment, a student representative of each University and State College campus is to serve on the board as a nonvoting member.

LB389 is apparently introduced as a companion to LR 15CA as it provides for the ceased existence of the Board of Regents of the University of Nebraska, the Board of Trustees of the Nebraska State Colleges, and the Coordinating Commission for Postsecondary Education on July 1, 2005. The bill also provides that the general government of the University of Nebraska and the Nebraska State Colleges is to be vested in a nine-member Nebraska Higher Education Board of Regents on July 1, 2005, at which time the new board is to assume the roles and responsibilities of the former Board of Regents, Board of Trustees, and Coordinating Commission for Postsecondary Education. The fiscal impacts of the proposed constitutional amendment as well as LB389 are contingent upon actions of the voters in considering the proposed constitutional amendment in November 2004. Further, LB389 directs the Education Committee of the Legislature to introduce legislation subsequent to adoption of the constitutional amendment to empower the newly created Nebraska Higher Education Board of Regents under provisions of the constitutional amendment and to confer additional powers and duties upon the board as deemed appropriate. Such additional implementing legislation may represent additional fiscal impacts related to, but not directly attributable to LB389. Given the foregoing, significant unknowns exist in assessing the fiscal impact of LB389. Under an assumption that Nebraska voters would indeed enact the proposed constitutional amendment, potential fiscal impacts can be addressed in general terms. Fiscal impacts of the legislation would occur primarily after the 2003-05 biennium.

Under LB389/LR15CA, the existing eight-member Board of Regents of the University of Nebraska and seven-member Board of Trustees of the Nebraska State Colleges would transition to a nine-member Nebraska Higher Education Board of Regents on July 1, 2005. The number of nonvoting student members of the new board would be equivalent to the combined total of student representatives to the current Boards of Regents and Trustees. The eleven-member Coordinating Commission for Postsecondary Education would be eliminated. A single board consisting of nine voting members would remain as compared to the current two boards and one commission that currently consist of a total of 26 (voting) members. An overall reduction in the number of board/commission members would result in related overall reductions associated with general support costs for the single nine-member (voting) Nebraska Higher Education Board of Regents.

Some form of merging of the two former governing boards' central governance and administrative support structures may occur upon creation of the new board (i.e. merger of University of Nebraska Central Administration and Nebraska State College System Office staffs). As such, resource requirements of the merged administrative support structures may approximate the sum of resources currently supporting the two separate administrative support structures.

LB389 would provide that on July 1, 2005, the Coordinating Commission for Postsecondary Education is to cease to exist with the powers, duties, and records of the commission to be transferred to the new Higher Education Board of Regents. It would appear that even upon elimination of the existing constitutional commission, continuation of some level of operating budget support for current functions and responsibilities of the Commission would be required. For example, funding support for maintenance of higher education information databases, administration of the Improving Teacher Quality federal grant program, and administration of three student financial aid programs currently administered by the commission may be required to be sustained in some fashion. Presumably, enabling legislation to be introduced by the Education Committee relative to LB389/LR15CA would, along with other current functions and responsibilities of the Coordinating Commission, address how these cited functions might be sustained upon elimination of the

existing constitutional commission. Dependent upon the extent to which the new Nebraska Higher Education Board of Regents would assume current Coordinating Commission functions and responsibilities, an effective transfer of some portion of related budgetary resources to the new Higher Education Board of Regents would appear to be warranted.

A merger of the Nebraska State Colleges with the University of Nebraska will presumably have operational and personnel impacts too numerous to individually identify. Among other items, such impacts generally may include consolidation of disparate employee compensation systems; consolidation of aspects of human resource and financial management systems; consolidation of certain operational services possibly including computing, purchasing and procurement of goods and services; consolidation of insurance coverage and revisions to other aspects of risk management; and, consolidation of legal services. While efficiencies may be achieved with respect to the foregoing and other factors, quantifying such potential efficiencies is indeterminate.

Although LB389/LR15CA apparently would not require it, some level of consolidation and reorganization of academic programming across the combined system may occur under the new Nebraska Higher Education Board of Regents. Related fiscal impacts would, however, be dependent upon future actions of the new board. Such actions cannot be predicted. Consolidation and reorganization of other programmatic and functional activities may also occur under the new board and merged system. Any such consolidation and reorganization and related fiscal impacts would also be dependent upon future actions of the new board that cannot be predicted.